Before the
Federal Communications Commission
Washington, DC 20554

In the Matter of	)	
	)	
National Exchange Carrier Association, Inc.	)	WC Docket No. 05-347
Proposed 2006 Modification of Average	)	
Schedule Formulas	)	DA 06-64

COMMENTS
OF THE
ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES

I. INTRODUCTION

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits these comments regarding the National Exchange Carrier Association's (NECA) proposed modifications to the current interstate average schedule formulas for the period July 1, 2006 through June 30, 2007.[1] OPASTCO is a national trade association representing more than 560 small telecommunications carriers serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers. All of OPASTCO's members are rural telephone companies as defined in 47 U.S.C. §153(37).

Average schedules continue to be a very important settlement mechanism for many small incumbent local exchange carriers (ILECs). A significant percentage of OPASTCO's members receive their interstate settlements based on NECA's average schedule formulas. The schedules benefit nearly 500 study areas by allowing them to receive interstate access compensation without incurring the administrative burden and cost of performing extensive cost separation studies. Pursuant to section 69.606(a) of the Commission's rules, NECA's proposed average schedule formulas simulate the disbursements that would be received by a representative cost company. OPASTCO urges the Pricing Policy Division to promptly approve NECA's proposed modifications to the current interstate average schedule formulas for July 1, 2006 implementation.

II. COMMENTS

Overall, NECA's proposed formulas would produce a 1.7 percent decrease in settlements to average schedule companies.[2] These changes include both structural changes to the Common Line and Special Access formulas and level changes for each average schedule formula which reflect updated cost and demand data of average schedule companies.

The 1.7 percent decrease in settlements is, in part, the result of structural changes to the Common Line and Special Access formulas,[3] modifications that were necessary to better align costs with settlements for companies of all sizes. In the case of the Common Line formula, "the unit cost derived from the current formula structure no longer closely matches the unit costs of study areas with higher access line counts and higher exchange counts."[4] NECA also determined that the current Common Line formula could not be made to match the costs of these study areas without a systematic understatement of the

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[1] 2006 NECA Modification of Average Schedules, National Exchange Carrier Association, Inc. (fil. Dec. 29, 2005 (2006 Modification).
[2] *Id*. at I-5.
[3] *Id*.
[4] *Id*. at VII-4.

costs of other study areas.[5] A modification of the Special Access formula was necessary due to the increased demand for special access services, which has changed the way in which costs and revenues are related.[6] The structural changes to the Special Access formula greatly improve the match between settlements and costs.[7]

As noted above, the structural changes to the Common Line and Special Access formulas and the level changes for each average schedule formula will result in a 1.7 percent decrease in settlements to average schedule companies. Those companies that will experience a negative settlement impact have expressed concerns that these changes could result in the delay of broadband deployment plans and restrictions on other future business plans. NECA has provided in its filing both an analysis of these impacts and a method for calculating transitional amounts that identifies the target of transitional support along with a phase-out strategy.[8] Transitional support would allow these ILECs to cushion the burden that may result from a decrease in revenues, thereby enabling them to remain on track with their plans for network upgrades, including the rollout of broadband availability to additional consumers. OPASTCO therefore urges the Commission to allow for transitional support to alleviate the impacts of settlement decreases.

III. CONCLUSION

Pursuant to section 69.606(a) of the Commission's rules, NECA's proposed average schedule formulas would simulate the disbursements that would be received by a representative cost company. OPASTCO therefore recommends that the Pricing Policy

[5] *Id*.
[6] *Id*. at VII-42.
[7] *Id*.
[8] *Id*. at VII-69-71.

Division promptly approve the formulas as proposed to become effective on July 1, 2006 and allow for transitional support for any company that may experience a hardship from the settlement changes.

Respectfully submitted,

THE ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES

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February 3, 2006

CERTIFICATE OF SERVICE

I, Brian Ford, hereby certify that a copy of the comments by the Organization for the Promotion and Advancement of Small Telecommunications Companies was sent by electronic mail, on this, the 3rd day of February, 2006, to those listed on the attached list.

By: /s/ Brian J. Ford
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SERVICE LIST

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